

ID: CCA_2011090615595338

Number: **201138048**

Release Date: 9/23/2011

Office:

UILC: 61.00-00

From:

Sent: Tuesday, September 06, 2011 4:00:02 PM

To:

Cc:

Subject: SIFL question

Sterling, I checked with an attorney in
and this is his response:

who handles fringe benefit questions,

Section 1.61-21(g)(3)(ii) of the Income Tax Regulations provides that the valuation of each flight must be determined on a passenger-by-passenger basis. For example, if an individual accompanies an employee and the flight taken by the individual would be taxed to the employee, the employee would be taxed on the special rule value of the flight by the employee and the flight by the individual." This example uses an employee and guest on the same flight. It is not necessary that the employee be on the flight, if the "guests" of the employee are on the flight as a result of the employee. In such case see 1.61-21(a)(4). A taxable fringe benefit is included in the income of the person performing the services in connection with which the fringe benefit is furnished.

So the employee doesn't have to fly to have the flight costs of his guests imputed to him as income to the employee for whom the fringe benefit is provided.

Hope this helps.